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Attorneys for Defendants K.O.O. CONSTRUCTION,
INC., a California corporation; and KEITH ODISTER

UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA, SAN FRANCISCO DIVISION

TRAVELERS CASUALTY AND SURETY
COMPANY OF AMERICA, a Connecticut
corporation,

Plaintiff,

v.

K.O.O. CONSTRUCTION, INC., a California
corporation; and KEITH ODISTER, an
individual, inclusive,

Defendants.

Case No.: 3:16-cv-00518

**DECLARATION OF ARTHUR G.
WOODWARD IN OPPOSITION TO
TRAVELERS' MOTION FOR
ATTORNEY FEES, COSTS AND
EXPENSES**

Date: October 9, 2018
Time: 10:30 a.m.
Location: Courtroom G, 15th Floor
450 Golden Gate Avenue
San Francisco, CA 94102

I, Arthur G. Woodward, declare:

1. I am a partner at the law firm of Reynolds Maddux Woodward, LLP and counsel for Defendants K.O.O. Construction, Inc. ("K.O.O.") and Keith O. Odister (collectively "Defendants").

I am competent to testify and have personal knowledge of the facts set forth below and, if called upon to testify, would do so under oath. I was and am lead counsel for Defendants in this case.

2. In February 2017, I became aware of the involvement of the Jennings, Hauge and Cunningham LLP firm and began working with Mr. Chad Schexnayder on a potential work-out. The concept was that Travelers and K.O.O. would enter into an agreement pursuant to which all project funds would be paid directly by the government into a controlled funds account from which

1 the disbursements would be made in accordance with a written protocol. The purpose of the
2 controlled funds account was to provide Travelers with assurance that all Project payments were
3 indeed being used to pay project expenses and any additional revenue would be applied to K.O.O.'s
4 indemnity obligation to Travelers. I worked with Mr. Schexnayder on that concept for
5 approximately six weeks, during which I assisted K.O.O. in preparing spreadsheets that showed the
6 projected cash flow and completion schedule for each of the projects from the present date through
7 project completion. The process was time-consuming and fact intensive. Ultimately, Travelers
8 rejected the proposal and refused to negotiate any further regarding the proposed controlled funds
9 account.

10 3. Had Travelers agreed to the controlled funds account, most of the fees and costs
11 incurred by Travelers from April 2017 through the present enforcing the General Agreement of
12 Indemnity would have been necessary. According to the evidence presented in the Declaration of
13 Brittany Rose, Travelers incurred \$30,141.50 in fees and costs associated with the work the Jennings
14 firm performed in this matter.

15 4. The Declaration of Brittany Rose also states that it was necessary to hire the Varela,
16 Lee, Metz & Guarino, LLP firm ("Varela") to enforce the prejudgment writs of attachment, and the
17 Varela firm incurred \$67,440 in fees and costs performing that task. A significant percentage of the
18 fees and costs incurred by Varela was paid to process servers and other service providers. Much of
19 that work was unnecessary, however, because the assets which Varela attached were already
20 encumbered. In some cases, Travelers held a third priority security interest.

21 5. I have attached as Exhibit A to my Declaration a copy of a billing summary for the
22 Travelers' matter generated by my firm's billing system, Sage Timeslips, which the firm maintains
23 and uses in the ordinary course of business for billable time and cost tracking and billing. The
24 summary shows the total billable fees and billable costs from February 2016 to the present.
25 Travelers filed its Complaint against K.O.O. in February 2016. My firm's total fees and costs
26 incurred in connection with the Travelers matter was \$200,938.26. In contrast, Travelers contends it
27 incurred \$448,682.22 for trying to recover monies rightfully due it under the indemnity agreement,
28 which is two hundred and forty-three percent (243%) more than Defendants incurred.

1 I declare the foregoing to be true and accurate to the best of my knowledge under penalty of
2 perjury. Executed this 28st day of September, 2018 at Auburn, California.

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4 /s/ Arthur G. Woodward

5 Arthur G. Woodward
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